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A Big Ship—and Oil

For four months a glistening new ship—1,104 feet long, 46,800 tons—has been tied up at a dock in Germany's Hamburg harbor. It is the Al-Malik, Saudi Arabia's largest tanker. Aristotle Socrates Onassis spent an estimated \$6 million to build the huge ship. He named it after the King of Saudi Arabia in the hope that it would become the flagship of a fleet carrying Saudi oil for Onassis under the now-famous contract the Greek ship owner negotiated last year.

The contract contained clauses that ship owners and oil companies claimed would wreck free trade throughout the world. There is now little expectation that it will ever be carried out.

But last week the Al-Malik at last found employment. The Socony-Vacuum Oil Co., one of the four American firms owning Aramco, made a surprise announcement in New York that

it had chartered the ship. Even more surprising, the Al-Malik will sail under the Saudi flag. It will pick up its first cargo at Ras Tanura, Aramco's Persian Gulf loading terminal, and transport it to the Socony terminal near Philadelphia. However, the Al-Malik will be ready to sail for a month.

On the surface the charter might have been interpreted as a victory for Onassis at a time when his fortunes were waning. Those familiar with the background, however, felt that it might turn out the other way around for these reasons:

1—The charter for the Al-Malik, as such, will not benefit Onassis. The giant ship will be substituted for two Onassis tankers now under charter to Socony. These total 28,000 and 21,500 tons respectively. Socony is committed by its charter to carry 43,000 tons of oil in them. But shippers doubt that the Al-Malik can transit the Suez Canal with more than 30,000 tons.

2—Onassis recently negotiated with Royal Dutch-Shell for the sale of his million-ton tanker fleet. The deal has now apparently fallen through. Onassis asked for about \$50 million more than Shell was willing to pay.

3—The Al-Malik was offered for charter on the New York ship market along with several smaller vessels, amid reports that refusal of any of the oil or shipping companies to charter it could be the basis for antitrust action. This possibility now apparently disappears.

4—Stories have been circulated that the oil companies were boycotting the Al-Malik. This Aramco has vehemently denied. Nonetheless, one result of these stories and of the continued idleness of the Al-Malik was a suggestion from the Saudi Arabians that they might buy the ship. However, the Saudis realized the difficulties of operation and welcomed a countersuggestion of a charter by one of the big companies. It can be interpreted as a sign that the oil companies have no objection to the principle that ships under the Saudi flag can carry, in conformity with regular trade practices, some of the oil produced in Saudi Arabia. But Aramco remains convinced the Onassis contract could only produce a fruitless impasse and divert Saudi Arabia from its vital role in the Muslim world.

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